EXHIBIT E


LEHMAN BROTHERS
2007 Annual Report

Financial Highlights

In millions, except per common share and selected data. At or for the year ended November 30.

FINANCIAL INFORMATION	2007	2006	2005	2004	2003
Net revenues	$ 19,257	$ 17,583	$ 14,630	$ 11,576	$ 8,647
Net income	$ 4,192	$ 4,007	$ 3,260	$ 2,369	$ 1,699
Total assets	$691,063	$503,545	$410,063	$357,168	$312,061
Long-term borrowings (1)	$123,150	$ 81,178	$ 53,899	$ 49,365	$ 35,885
Total stockholders' equity	$ 22,490	$ 19,191	$ 16,794	$ 14,920	$ 13,174
Total long-term capital (2)	$145,640	$100,369	$ 70,693	$ 64,285	$ 50,369
PER COMMON SHARE DATA (3)					
Earnings (diluted)	$ 7.26	$ 6.81	$ 5.43	$ 3.95	$ 3.17
Dividends declared	$ 0.60	$ 0.48	$ 0.40	$ 0.32	$ 0.24
Book value (4)	$ 39.44	$ 33.87	$ 28.75	$ 24.66	$ 22.09
Closing stock price	$ 62.63	$ 73.67	$ 63.00	$ 41.89	$ 36.11
SELECTED DATA					
Return on average common stockholders' equity (5)	20.8%	23.4%	21.6%	17.9%	18.2%
Return on average tangible common stockholders' equity (6)	25.7%	29.1%	27.8%	24.7%	19.2%
Pre-tax margin	31.2%	33.6%	33.0%	30.4%	29.3%
Leverage ratio (7)	30.7x	26.2x	24.4x	23.9x	23.7x
Net leverage ratio (8)	16.1x	14.5x	13.6x	13.9x	15.3x
Weighted average common shares (diluted) (in millions) (3)	568.3	578.4	587.2	581.5	519.7
Employees	28,556	25,936	22,919	19,579	16,188
Assets under management (in billions)	$ 282	$ 225	$ 175	$ 137	$ 120

(1) Long-term borrowings exclude borrowings with remaining contractual maturities within twelve months of the financial statement date.

(2) Total long-term capital includes long-term borrowings (excluding any borrowings with remaining contractual maturities within one year of the financial statement date) and total stockholders' equity and, at November 30, 2003 preferred securities subject to mandatory redemption. We believe total long-term capital is useful to investors as a measure of our financial strength.

(3) Common share and per share amounts have been retrospectively adjusted to give effect for the 2-for-1 common stock split, effected in the form of a 100% stock dividend, which became effective April 28, 2006.

(4) The book value per common share calculation includes amortized restricted stock units granted under employee stock award programs, which have been included in total stockholders' equity.

(5) Return on average common stockholders' equity is computed by dividing net income applicable to common stock for the period by average common stockholders' equity. Net income applicable to common stock for the years ended November 2007, 2006, 2005, 2004 and 2003 was, $4.1 billion, $3.9 billion, $3.2 billion, $2.3 billion and $1.6 billion, respectively. Average common stockholders' equity for the years ended November 30, 2007, 2006, 2005, 2004, and 2003 was $19.8 billion, $16.9 billion, $14.7 billion, $12.8 billion, and $9.1 billion, respectively.

(6) Return on average tangible common stockholders' equity is computed by dividing net income applicable to common stock for the period by average tangible common stockholders' equity. Average tangible common stockholders' equity equals average total common stockholders' equity less average identifiable intangible assets and goodwill. We believe tangible common stockholders' equity is a meaningful measure because it reflects the common stockholders' equity deployed in our businesses. Average identifiable intangible assets and goodwill for the years ended November 30, 2007, 2006, 2005, 2004 and 2003 was $3.8 billion, $3.3 billion, $3.3 billion, $3.5 billion, and $471 million, respectively.

(7) Leverage ratio is defined as total assets divided by total stockholders' equity.

(8) Net leverage ratio is defined as net assets (total assets excluding: (i) cash and securities segregated and on deposit for regulatory and other purposes; (ii) collateralized lending agreements; and (iii) identifiable intangible assets and goodwill) divided by tangible equity capital. We believe net assets to be a more useful measure of our assets than total assets because it excludes certain low-risk, non-inventory assets. We believe tangible equity capital to be a more meaningful measure of our equity base as it includes instruments we consider to be equity-like due to their subordinated nature, long-term maturity and interest deferral features and excludes assets we do not consider available to support our remaining net assets. These measures may not be comparable to other, similarly titled calculations by other companies as a result of different calculation methodologies. See "Selected Financial Data" for additional information about net assets and tangible equity capital.

LEFT
Richard S. Fuld, Jr.
Chairman and
Chief Executive Officer

RIGHT
Joseph M. Gregory
President and
Chief Operating Officer

Dear Shareholders and Clients,

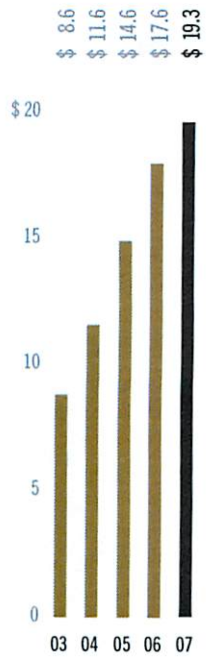
In 2007, Lehman Brothers produced another year of record net revenues, net income, and earnings per share and successfully managed through the difficult market environment. Our global platform of diversified businesses also produced record performance across each of our business segments as well as in Europe and Asia.

There were clearly two distinct market environments this year. The first half was relatively favorable, with low interest rates, strong economic growth, and ample liquidity across asset classes. The second half saw a U.S. housing recession, a credit freeze, and a repricing of credit-related securities. This caused disruptions in the mortgage markets, a sharp decline in liquidity, and a slowing of corporate and institutional activity.

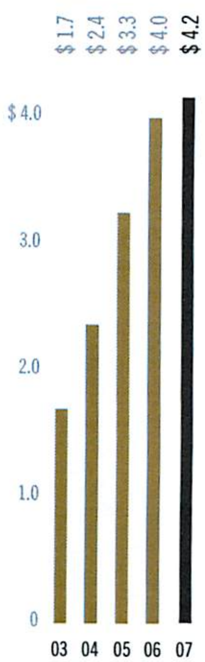
In this challenging environment, our clients looked to us more than ever for new and different solutions and to be their trusted partner. Our client-focused strategy, which we have consistently followed since becoming a public company in 1994, was the key to our success. We remain committed to creating shareholder value through our focus on the four pillars of our strategy: driving diversified growth; delivering the whole Firm to our clients; managing risk, capital, and expenses; and preserving and strengthening our culture. Throughout the more favorable market environment of the first half and the dislocations of the second half, each of the four pillars of our strategy proved invaluable.

We continued to diversify our Firm by expanding our geographic footprint and growing our targeted businesses. The investments made this year have been a continuation of those we made over the past decade. In 2007, we opened offices in Doha-Qatar, Dubai, Geneva, Istanbul, Lisbon, Moscow, São Paolo, and Shanghai. In connection with our acquisitions of Grange Securities in Australia and Eagle Energy Partners in Texas, we added offices in Sydney, Melbourne, Perth, Brisbane, and Houston. In 2007, we also invested in many of our businesses, including commodities, prime services, Investment Management, Investment Banking, and emerging markets, as well as in our regions. These investments led to strong revenue growth in those targeted areas. Over the past five years, Investment Banking revenues have grown by 23%, Equities Capital Markets by 40%, and Investment Management by 36%. During this same period, Asia has grown by 38% and Europe by 36%. Our revenues have never been more evenly balanced across our businesses, and we have

Net Revenues
In billions



Net Income
In billions



achieved our best-ever geographic diversification, with half of the Firm's revenues generated outside the Americas. The result of all this is that we have built a balanced global investment bank – able to withstand the stresses of rapid shifts in world liquidity flows.

We delivered the whole Firm to our clients by leveraging our intellectual capital across each of our divisions and regions. As you will see throughout this Annual Report, we provided capabilities where our clients needed us most, deepened existing relationships, and formed important new ones.

We effectively managed our risk, balance sheet, and expenses. Ultimately, our performance in 2007 was about our "One Firm" sense of shared responsibility and careful management of our liquidity, capital commitments, and balance sheet positions. We benefited from our senior level focus on risk management and, more importantly, from a culture of risk management at every level of the Firm. It also helped that our senior leadership team has, on average, worked together for more than two decades and has successfully navigated difficult markets before. This experience proved to be especially valuable this year.

We also remained disciplined in how we managed our expenses. We maintained our 2006 ratio of compensation and benefits to revenues, and our ratio of non-personnel expenses to revenues remains one of the lowest in the industry.

We preserved and strengthened our One Firm culture. This culture of teamwork and ownership enabled us to continue to build our businesses, to provide the best solutions for our clients, and to deliver record results.

Our financial performance in 2007 included the following highlights:

- Net revenues of $19.3 billion, a 10% increase over the prior year and our fifth consecutive record;
- Net income of $4.2 billion, a 5% increase over the prior year and our fourth consecutive record;
- Earnings per share of $7.26, a 7% increase over the prior year and a record for the fourth consecutive year;
- Return on equity of 20.8% and a return on tangible equity of 25.7%.

Despite this record performance, our greatest disappointment in 2007 was that our share price declined for the first time in five years. We are more focused than ever on demonstrating to the markets that we have a proven ability to continue to grow our diversified set of businesses, manage risk and capital effectively, and deliver strong results in all market environments.

Our Businesses

In Capital Markets – Fixed Income and Equities – we posted record revenues for the fifth year in a row with significant growth in derivatives, foreign exchange, and interest rate products. Fixed Income faced the greatest challenge from the difficult credit markets, with our mortgage origination and securitization businesses sharply impacted by the housing market downturn. Given the industry dynamics, we restructured our global mortgage origination business and closed both our U.S. subprime company, BNC Mortgage, and our Korea Central Mortgage business. As a result of this difficult environment, our Fixed Income net revenues fell by 29% to $6.0 billion, the first annual decline in nine years. Despite the dislocations, our business continued to be recognized for excellence and ranked #1 by a leading industry consultant in U.S. fixed income market share, penetration, sales, research, trading, and overall quality. We have maintained our leading position in fixed income benchmarks, ranking #1 in fixed income indices by *Institutional Investor* every year since that survey began in 1997. The Firm also achieved a #1 ranking for the eighth consecutive year in the *Institutional Investor*

All-America Fixed Income Research poll. Notably, our Fixed Income sales credit volumes, a good measure of how we delivered for our clients, rose 40% in 2007.

Our Equities business delivered terrific results. In 2007, revenues rose 76% to a record $6.3 billion, with particular strength in volatility-related products and execution services. We were the first firm in history to execute 4 million electronic trades in one month on the London Stock Exchange (LSE) and ranked as the #1 dealer by trading volume on both the LSE and Euronext. The Firm also ranked #1 in *Institutional Investor's* U.S. Equity Trading poll and in the same magazine's All-America Research Team survey. The Firm has now achieved the #1 ranking in both Equity and Fixed Income research for five consecutive years. We have continued to build our capabilities in derivatives and ranked #1 in algorithmic trading by *Alpha* magazine. The Firm was named the #1 Prime Broker in Japan and Europe and received 42 "Best in Class" awards for excellence in the 2007 *Global Custodian* Prime Brokerage Survey. We continued to expand our global capabilities with the acquisition of Brics Securities, a leading institutional equity brokerage firm in India.

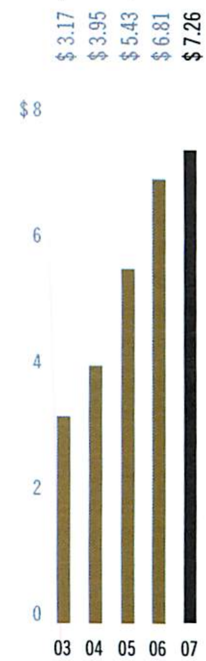
Investment Banking posted its fourth consecutive record year. Revenues rose 24% to $3.9 billion as our clients entrusted us with their most important transactions. During the year, we advised on 10 of the 20 largest announced M&A transactions worldwide, including the €71 billion sale of ABN AMRO to a consortium comprised of The Royal Bank of Scotland Group, Fortis, and Banco Santander Central Hispano, S.A., the year's largest completed M&A transaction, and Altria's $62 billion spin-off of Kraft Foods, the largest-ever corporate spin-off. We advised on four of the top five completed M&A transactions globally. We also acted as joint bookrunner for China Citic Bank's $5.9 billion initial public offering, the second largest IPO this year, and for DLF Ltd.'s $2.3 billion initial public offering, the largest IPO ever in India. In corporate long-term investment grade debt, we were lead manager on three of the top 10 offerings, and in high yield, we were lead manager on six of the top 10. In initial public offerings, our lead-managed volume for the year rose 17%, and we were the #1 underwriter of U.S. IPOs. In convertible offerings, we were lead manager on two of the top five offerings.

Investment Management revenues rose 28% to a record $3.1 billion in 2007. Private Investment Management and Asset Management each grew revenues by more than 20%. Within Asset Management, our Alternative and Private Equity related revenues both also grew by more than 20%. We enhanced our investment offerings for institutional and high net worth clients, helping to increase assets under management to a record $282 billion, up 25% from 2006 and the third consecutive year of 25%-plus growth. We continued to gain important client assignments, including a €500 million mandate from the Fonds de Réserve pour les Retraites, France's largest retirement reserve fund, to invest in diversified private equity funds. We also continued to expand and create new alternative investment offerings for individuals and institutions, launching the Firm's first publicly traded private equity vehicle, Lehman Brothers Private Equity Partners Limited, and raising a $1.6 billion fund to invest in leveraged loans. We also acquired Lightpoint Capital, adding depth to our fixed income portfolio management and research capabilities, and took a 20% stake in the D.E. Shaw group, a highly respected global investment and technology development firm.

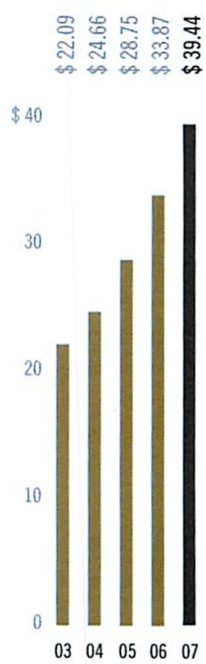
Corporate Citizenship

Strong corporate citizenship is a key element of our culture. We actively leverage our intellectual capital, network of global relationships, and financial strength to help address today's critical social issues.

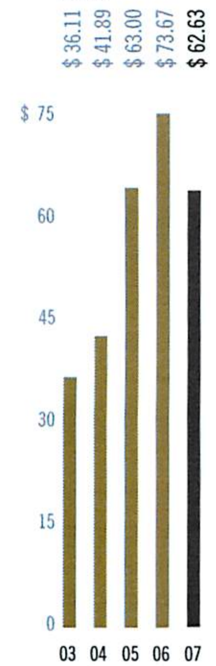
Earnings per Share (Diluted)



Book Value per Common Share

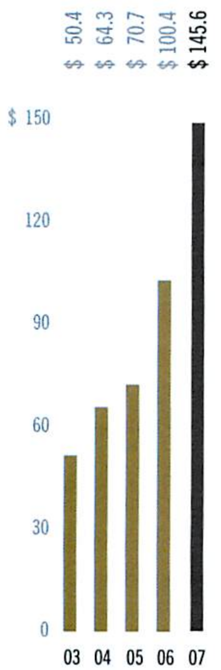


Closing Stock Price



Total Long-Term Capital*

In billions



* *Total long-term capital includes long-term borrowings (excluding any borrowings with remaining contractual maturities within twelve months of the financial statement date) and total stockholders' equity and, at November 30, 2003, preferred securities subject to mandatory redemption. We believe total long-term capital is useful to investors as a measure of our financial strength.*

Our broad-based philanthropic efforts focus primarily on promoting healthy and vibrant communities and building a better future through social and educational investments in young people. In addition to the grant-making activities of both the Firm and its Foundations, our employees are broadly engaged in volunteerism and not-for-profit board service, both of which we actively support.

In 2007, we formed an ambitious new partnership with Spelman College, the top-ranked institution among all historically Black colleges and universities in the U.S., committing $10 million to create The Lehman Brothers Center for Global Finance and Economic Development. We have a number of significant partnerships to which we have committed financial resources as well as time, knowledge, and the experience of our people, including Harlem Children's Zone in New York, the Lehman Brothers Centre for Women in Business at London Business School, Oaklands School in London, and NPO Palette in Tokyo.

Helping address the challenges created by climate change is another critical issue. In 2007, the Firm established the Lehman Brothers Council on Climate Change, bringing together clients, policymakers, academics, and non-governmental officials to facilitate constructive dialogue through regional summits in New York, London and Tokyo. We also helped clients address questions about climate change and sought to mitigate our own impact on the environment. Our climate-related initiatives range from increasing our market share in renewable energy project origination to acquiring a majority stake in SkyPower Corporation, a leading renewable energy company. We also published two major reports on climate change that are widely regarded as definitive resources on the business implications of climate change and related policy. We will continue to engage on this issue.

Our Employees

Attracting and developing top talent is critical as we continue to grow, diversify, and meet new challenges. Our talent management efforts are aimed at ensuring that we have the range and diversity of experience – at all levels of the organization – necessary to execute our strategy and make our Firm the employer of choice for the very best talent around the world.

Career mobility at the Firm is encouraged within divisions, across divisions, and across geographic regions, which is critical to ensuring that we put the right people in the right jobs. Delivering on the goals and aspirations of our people is also critical to our long-term success, and in 2007, we hired, trained, and transferred thousands of employees to deliver on that promise.

We thank our people for their hard work and commitment to our client-focused strategy, our culture of teamwork, and our ownership mindset. We greatly appreciate the continued support of our clients and shareholders. We have never had a more diversified set of businesses or a stronger base of talent. As we enter 2008, we are proud of how far we have come and excited about the opportunities ahead.

Sincerely,

Richard S. Fuld, Jr.
Chairman and Chief Executive Officer

Joseph M. Gregory
President and Chief Operating Officer

February 15, 2008